



Office of the President

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FAXED
8-29-06

August 29, 2006

The Honorable Tom Coburn, MD
Chairman, Subcommittee on Federal Financial Management,
Government Information and International Security
United States Senate
439 Hart Senate Office Building
Washington, D.C. 20510

Attention: Anna Shopen (via fax: 202-228-3796)

Dear Senator Coburn:

Thank you for your letter of July 27, 2006 concerning earmarks in appropriations acts for higher education. On behalf of the University of Wisconsin System and its 13 four-year campuses, 13 two-year campuses, and a statewide UW-Extension network, I am pleased to respond to your inquiry.

The vast majority of federal appropriations received by UW System campuses are formula-based and competitive grants. Formula funds are important, stable, and predictable annual allocations that fund ongoing activities.

Wisconsin is among the nation's leading states in academic research and development, especially because of UW-Madison's high-quality research and the quality of our country's peer-reviewed research award system. During fiscal year 2004-05 (the university's fiscal year begins on July 1 and ends June 30), of the \$769.8 million in research dollars awarded to UW-Madison, our flagship campus, \$580.3 million came from the federal government, most in the form of competitive, peer-reviewed grants. The remainder, \$189.5 million, came from non-federal and private sources. Overall, in 2004-05, the UW System was awarded \$607.7 million in federal research dollars.

That said, the UW System educates 160,000 students each year. Three quarters, or 120,000, of those students attend one of our 25 institutions outside Madison. The competitive, peer-reviewed process rewards institutions with historical, longstanding research programs. Directed funds tap into more of higher education's assets and help our campuses, other than UW-Madison, focus attention and resources to undergraduate education, applied research, and outreach.

While UW System benefits from funds set aside for specific projects, in federal Fiscal Year 2005 specific projects accounted for less than 2 percent of the overall total federal research dollars awarded to UW institutions. As you know, these directed funds bypass the usual competitive distribution of awards by a federal agency. They do, however, require recipients to follow federal financial and other administrative procedures to ensure accountability, quality, and outcomes.

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UW System employs a professional staff member in the UW System President's office to serve as a federal relations coordinator. In the past, outside assistance has been contracted with for isolated projects and for activities done in partnership with universities in other states. UW-Madison also employs a professional staff member in the Chancellor's office to coordinate all federal relations.

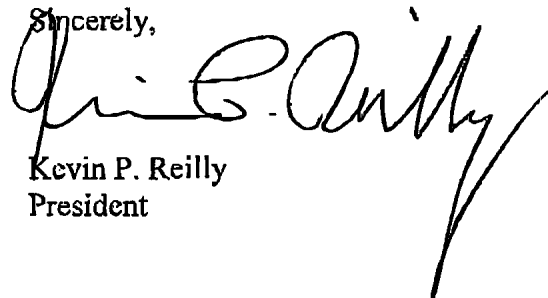
As the Spellings Commission on the Future of Higher Education recently noted, our institutions have struggled to maintain quality and access with declining state support. The disinvestment of higher education by the states, coupled with five years of flat funding for the federal Pell Grant and cuts to student loans have made the challenges of our public universities greater than ever.

This is happening at the same time that the university is growing in terms of the number of its students, demand for access to the university is high, and Wisconsin is striving to produce globally competitive goods and services, and attract and retain knowledge-based workers.

Federal money, in all forms, helps fund infrastructure and research that spurs a state's economy. According to the Wisconsin Taxpayer Alliance, a private government-research organization, in 2004, Wisconsin received \$0.82 from the federal government for every tax dollar it sent to Washington. For the fourth consecutive year, the Badger State's return on federal taxes dropped, and Wisconsin ranked 39th in the United States on this measure. Oklahoma, in contrast, received \$1.48 for every federal tax dollar it sent to Washington and ranked 11th nationally.

The UW System institutions work closely with our state's congressional delegation to protect our state's distribution of formula-based funds, compete for merit-based federal research grants, and seek financial support for projects. We appreciate the significant federal investment that complements our work as we strive to serve the teaching, research, and public service mission of our public university system.

Sincerely,



Kevin P. Reilly
President

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cc: Wisconsin Congressional Delegation
University of Wisconsin Board of Regents
Chancellors
Cabinet